Crowe

Crowe Malaysia PLT
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2 0 MAR 2024

The Board of Directors
Supreme Consolidated Resources Bhd.
Lot 919, Block 7, Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Dear Sir/Madam,

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF SUPREME CONSOLIDATED RESOURCES BHD. ("SUPREME" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprise the consolidated statements of financial position as at 30 September 2021, 2022 and 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the financial years ended 30 September 2021, 2022 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out in pages 4 to 90.

The historical financial information has been prepared for inclusion in the prospectus of Supreme in connection with the listing of and quotation for the entire issued share capital of Supreme on the ACE Market of Bursa Malaysia Securities Berhad. This report is prepared for the purpose of complying with Chapter 10, Part II, Division 1 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information contained in the Accountants' Report gives a true and fair view of the financial position of the Group as at 30 September 2021, 2022 and 2023, and of their financial performance and their cash flows for each of the financial years ended 30 September 2021, 2022 and 2023 in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Prospectus Guidelines.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with MFRSs and IFRSs. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:- (Cont'd)

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of Supreme in connection with the listing of and quotation for the entire issued share capital of Supreme on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chai Tze Chek
02699/06/2025 J
Chartered Accountant

Kuching

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTE	2021 RM	2022 RM	2023 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	27,286,817	25,954,084	24,205,717
Investment properties	5	1,562,868	1,532,054	1,501,307
Right-of-use assets	6	7,471,711	7,253,134	7,043,877
Intangible assets	7	78,237	22,237	-
Goodwill	8	21,991,831	21,991,831	21,991,831
		58,391,464	56,753,340	54,742,732
CURRENT ASSETS				
Inventories	9	32,096,871	29,177,452	25,191,047
Trade receivables	10	24,470,348	32,310,589	27,816,113
Other receivables, deposits and prepayments	11	1,768,602	413,186	340,995
Short-term investments	12	2,562,328	1,601,062	1,651,980
Current tax assets		683,025	1,466,743	206,733
Fixed deposits with licensed banks	13	1,573,415	1,373,390	1,399,936
Cash and bank balances		11,415,716	16,228,995	13,308,588
		74,570,305	82,571,417	69,915,392
TOTAL ASSETS		132,961,769	139,324,757	124,658,124

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	NOTE	2021 RM	2022 RM	2023 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	14	59,866,944	59,866,944	59,866,944
Retained profits		17,650,730	22,293,865	28,007,534
TOTAL EQUITY		77,517,674	82,160,809	87,874,478
NON-CURRENT LIABILITIES				
Bank borrowings	15	8,623,075	6,940,268	5,245,500
Deferred tax liabilities	16	726,513	745,033	562,297
		9,349,588	7,685,301	5,807,797
CURRENT LIABILITIES				
Bank borrowings	15	37,645,661	41,859,381	23,369,513
Trade payables	17	4,448,045	3,600,829	3,466,131
Other payables and accruals	18	3,948,808	3,409,220	4,015,467
Current tax liabilities		51,993	609,217	124,738
		46,094,507	49,478,647	30,975,849
TOTAL LIABILITIES		55,444,095	57,163,948	36,783,646
TOTAL EQUITY AND LIABILITIES		132,961,769	139,324,757	124,658,124

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2021 RM	2022 RM	2023 RM
REVENUE	19	187,501,807	209,952,778	199,642,776
COST OF SALES		(165,741,624)	(187,952,610)	(175,781,324)
GROSS PROFIT		21,760,183	22,000,168	23,861,452
OTHER INCOME	20	692,474	530,093	644,303
		22,452,657	22,530,261	24,505,755
ADMINISTRATIVE EXPENSES		(9,608,875)	(9,557,326)	(9,793,796)
FINANCE COSTS	21	(1,341,386)	(1,420,825)	(1,422,006)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	22	(621,130)	(158,061)	(408,042)
PROFIT BEFORE TAXATION	23	10,881,266	11,394,049	12,881,911
INCOME TAX EXPENSE	24	(3,235,460)	(3,234,914)	(3,664,242)
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		7,645,806	8,159,135	9,217,669
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company		7,645,806	8,159,135	9,217,669
EARNINGS PER SHARE (SEN)	25			
Basic		6.37	6.80	7.68
Diluted		6.37	6.80	7.68

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.10.2020		59,866,944	14,024,924	73,891,868
Profit after taxation, representing total comprehensive income for the financial year		-	7,645,806	7,645,806
Dividends	26	-	(4,020,000)	(4,020,000)
Balance at 30.9.2021/1.10.2021		59,866,944	17,650,730	77,517,674
Profit after taxation, representing total comprehensive income for the financial year		-	8,159,135	8,159,135
Dividends	26	-	(3,516,000)	(3,516,000)
Balance at 30.9.2022/1.10.2022		59,866,944	22,293,865	82,160,809
Profit after taxation, representing total comprehensive income for the financial year		-	9,217,669	9,217,669
Dividends	26	-	(3,504,000)	(3,504,000)
Balance at 30.9.2023		59,866,944	28,007,534	87,874,478

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2021 RM	2022 RM	2023 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before taxation	10,881,266	11,394,049	12,881,911
Adjustments for:-			
Amortisation of intangible assets	56,000	56,000	22,237
Bad debts written off	13,368	17,103	5,433
Depreciation:			
- investment properties	30,749	30,814	30,747
- property, plant and equipment	1,678,392	2,498,534	2,339,983
- right-of-use assets	211,086	218,577	209,257
Finance costs	1,341,386	1,420,825	1,422,006
Impairment losses on trade receivables	726,499	967,687	1,399,295
Intangible assets written off	5,763	-	-
Inventories written off, net of reversal	2,563,794	2,046,817	837,350
Property, plant and equipment written off	1	7,382	2,875
Bad debts recovered	-	(5,571)	(2,036)
Dividend income from short-term investments	(62,328)	(38,734)	(50,918)
(Gain)/Loss on disposal of property, plant and equipment	(139,333)	114	(4,803)
Gain on bargain purchase	-	-	(2,452)
Interest income	(101,269)	(56,851)	(74,975)
Reversal of impairment loss on trade receivables	(105,369)	(809,626)	(991,253)
Operating profit before working capital changes	17,100,005	17,747,120	18,024,657
(Increase)/Decrease in inventories	(19,325,937)	872,602	3,274,695
(Increase)/Decrease in trade and other receivables	(3,671,186)	(6,654,418)	4,188,761
(Decrease)/Increase in trade and other payables	(200,767)	(1,386,804)	317,362
CASH (FOR)/FROM OPERATIONS	(6,097,885)	10,578,500	25,805,475
Income tax paid	(3,480,484)	(3,442,888)	(4,432,335)
Income tax refunded	-	-	1,135,495
Interest paid	(1,341,386)	(1,420,825)	(1,422,006)
Interest received	101,269	56,851	74,975
Real property gain tax refunded	-	-	225,000
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(10,818,486)	5,771,638	21,386,604

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	NOTE	2021 RM	2022 RM	2023 RM
CASH FLOWS FOR INVESTING ACTIVITIES				
Acquisition of a subsidiary, net of cash and cash equivalents acquired	27	-	-	(3,589)
Purchase of property, plant and equipment	28(a)	(4,474,969)	(1,175,547)	(596,830)
(Purchase)/Disposal of short-term investments		(2,500,000)	1,000,000	-
Proceeds from disposal of property, plant and equipment		266,884	2,250	8,590
Withdrawal of/(Additions of) fixed deposits with tenure more than 3 months		982,814	52,323	(23,302)
NET CASH FOR INVESTING ACTIVITIES		(5,725,271)	(120,974)	(615,131)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES				
Dividend paid		(4,020,000)	(3,516,000)	(3,504,000)
Increase/(Decrease) in bankers' acceptances	28(b)	13,806,000	5,193,787	(24,224,787)
Drawdown of term loans	28(b)	2,066,343	-	-
Repayment of hire purchase obligations	28(b)	(110,383)	(139,525)	(87,235)
Repayment of term loans	28(b)	(2,132,725)	(1,679,385)	(1,614,030)
Withdrawal of/(Additions to) pledged fixed deposits		1,525,470	148,194	(2,510)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,134,705	7,071	(29,432,562)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,409,052)	5,657,735	(8,661,089)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,787,697	10,378,645	16,036,380
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28(d)	10,378,645	16,036,380	7,375,291

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

This report has been prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in this prospectus of Supreme Consolidated Resources Bhd. in connection with the listing of and quotation for the entire enlarged issued share capital of Supreme Consolidated Resources Bhd on the ACE market of Bursa Malaysia Securities Berhad.

The Company was incorporated in Malaysia on 11 July 2016 as a private limited liability company under the name of Supreme Consolidated Resources Sdn. Bhd..

On 10 July 2018, the Company was converted into a public limited company and assumed its present name.

The registered office and principal place of business are as follows:-

Registered office and	:	Block B-58, Level 2, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak.
Principal place of business	:	Lot 842, Block 7, Muara Tebas Land District, Lorong Demak Laut 3A, Demak Laut Industrial Park, 93050 Kuching, Sarawak.

Supreme Consolidated Resources Bhd. ("SCRB") is principally engaged in the business of investment holding.

The details of the subsidiaries which have their principal place of business and country of incorporation in Malaysia are as follows:-

(a) Supreme Cold Storage Sdn. Bhd. ("SCS") was incorporated on 17 November 1987 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of distribution of frozen & chilled food products.

(b) Supreme Food Supply (M) Sdn. Bhd. ("SFS") was incorporated on 6 April 1999 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of distribution of frozen & chilled food products and ambient F&B products.

(c) Borneo Food Land Coldstorage Sdn. Bhd. ("BFL") was incorporated on 24 May 2000 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of distribution of frozen & chilled food products and ambient F&B products.

(d) Supreme Transportation Sdn. Bhd. ("STSB") (formerly known as SKJU Logistics Sdn. Bhd.) was incorporated on 24 August 2016 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of provision of transportation services.

(e) Supreme Trading Sdn. Bhd. ("STRADING") was incorporated on 8 July 2008 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the sales of Non-F&B products in Sabah and Sarawak.

(f) Supreme Dairy Ventures Sdn. Bhd. ("SDV") was incorporated on 10 June 2019 as a 100% owned subsidiary of SCRB, a private limited company and was dormant since the date of incorporation.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

The consolidated financial statements of the Group for the financial years ended 30 September 2021, 2022 and 2023 have been prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with MFRS, IFRSs and Prospectus Guidelines. The financial statements of all subsidiaries for the above mentioned financial years were audited by Crowe Malaysia PLT and were not subject to any qualification, modification or disclaimer of opinion.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(i) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the Group's functional currency on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% -20%
Furniture, fittings and equipment	10% - 50%
Motor vehicles	20%
Office renovation	15% - 20%
Plant and machineries	15% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 INTANGIBLE ASSETS – AGENCY RIGHTS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of an asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economics lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The principal amortisation rates used for this purpose are:-

Agency rights	5 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

3.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

3.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 INCOME TAXES (CONT'D)

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.16 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.21 OTHER INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Management Fee Income

Management fee income is recognised on an accrual basis.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental Income

Rental income is recognised on an accrual basis.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	At 1.10.2020 RM	Additions RM	Disposals RM	Write Off RM	Reclassification RM	Depreciation Charges RM	At 30.9.2021 RM
2021							
Carrying Amount							
Freehold land	-	930,000	-	-	-	-	930,000
Buildings	6,552,998	492,310	-	-	8,503,954	(294,304)	15,254,958
Furniture, fittings and equipment	1,373,593	1,104,442	(24,463)	(1)	3,165,531	(479,225)	5,139,877
Motor vehicles	863,206	751,733	(83,120)	-	-	(465,345)	1,066,474
Office renovation	224,786	28,550	-	-	-	(36,681)	216,655
Plant and machineries	1,707,950	432,090	(19,968)	-	2,855,000	(402,837)	4,572,235
Capital work-in-progress	13,725,259	905,844	-	-	(14,524,485)	-	106,618
	24,447,792	4,644,969	(127,551)	(1)	-	(1,678,392)	27,286,817

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.10.2021 RM	Additions RM	Disposals RM	Write Off RM	Reclassification RM	Depreciation Charges RM	At 30.9.2022 RM
2022							
Carrying Amount							
Freehold land	930,000	-	-	-	-	-	930,000
Buildings	15,254,958	38,480	-	-	-	(412,690)	14,880,748
Furniture, fittings and equipment	5,139,877	332,481	(2,364)	(7,381)	-	(789,876)	4,672,737
Motor vehicles	1,066,474	370,378	-	-	-	(462,007)	974,845
Office renovation	216,655	3,160	-	-	-	(38,466)	181,349
Plant and machineries	4,572,235	431,048	-	(1)	106,618	(795,495)	4,314,405
Capital work-in-progress	106,618	-	-	-	(106,618)	-	-
	27,286,817	1,175,547	(2,364)	(7,382)	-	(2,498,534)	25,954,084

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.10.2022 RM	Additions RM	Disposals RM	Write Off RM	Acquisition of A Subsidiary RM	Depreciation Charges RM	At 30.9.2023 RM
2023							
Carrying Amount							
Freehold land	930,000	-	-	-	-	-	930,000
Buildings	14,880,748	239,047	-	-	-	(407,836)	14,711,959
Furniture, fittings and equipment	4,672,737	95,461	(3,787)	(2,875)	1,448	(771,797)	3,991,187
Motor vehicles	974,845	34,000	-	-	-	(353,824)	655,021
Office renovation	181,349	4,100	-	-	-	(27,066)	158,383
Plant and machineries	4,314,405	224,222	-	-	-	(779,460)	3,759,167
	25,954,084	596,830	(3,787)	(2,875)	1,448	(2,339,983)	24,205,717

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Freehold land	930,000	-	930,000
Buildings	17,786,254	(2,531,296)	15,254,958
Furniture, fittings and equipment	7,553,903	(2,414,026)	5,139,877
Motor vehicles	4,157,988	(3,091,514)	1,066,474
Office renovation	673,752	(457,097)	216,655
Plant and machineries	6,707,149	(2,134,914)	4,572,235
Capital work-in-progress	106,618	-	106,618
	37,915,664	(10,628,847)	27,286,817

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
Freehold land	930,000	-	930,000
Buildings	17,824,734	(2,943,986)	14,880,748
Furniture, fittings and equipment	7,871,176	(3,198,439)	4,672,737
Motor vehicles	4,528,366	(3,553,521)	974,845
Office renovation	676,912	(495,563)	181,349
Plant and machineries	7,222,815	(2,908,410)	4,314,405
	39,054,003	(13,099,919)	25,954,084

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Freehold land	930,000	-	930,000
Buildings	18,063,781	(3,351,822)	14,711,959
Furniture, fittings and equipment	7,951,592	(3,960,405)	3,991,187
Motor vehicles	4,483,466	(3,828,445)	655,021
Office renovation	681,012	(522,629)	158,383
Plant and machineries	7,447,037	(3,687,870)	3,759,167
	39,556,888	(15,351,171)	24,205,717

(a) Included in the property, plant and equipment of the Group are buildings with carrying amount of RM13,928,523 (2021 – RM14,771,708; 2022 – RM14,039,578) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.

(b) Included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM101,500 (2021 – RM316,501; 2022 – RM202,100) held under hire purchase arrangements. These assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 15.

(c) The title of the building of the Group with carrying amount of Nil (2021 – RM253,452; 2022 – RM242,667) is in the process of being registered in the name of the subsidiary. The title of the building is transferred to the Group during the financial year 2023.

(d) Included in the property, plant and equipment of the Group are the following fully depreciated assets which are still in use:-

	2021 RM	2022 RM	2023 RM
Buildings	1,024,823	1,031,523	1,031,523
Furniture, fittings and equipment	1,441,757	1,755,867	1,908,205
Motor vehicles	1,647,988	2,039,288	3,093,487
Office renovation	228,933	228,933	228,933
Plant and machineries	1,432,706	1,445,670	1,749,216
	5,776,207	6,501,281	8,011,364

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	At 1.10.2020 RM	Depreciation Charge RM	At 30.9.2021 RM
2021			
Carrying Amount			
Buildings	1,593,617	(30,749)	1,562,868

	At 1.10.2021 RM	Depreciation Charge RM	At 30.9.2022 RM
2022			
Carrying Amount			
Buildings	1,562,868	(30,814)	1,532,054

	At 1.10.2022 RM	Depreciation Charge RM	At 30.9.2023 RM
2023			
Carrying Amount			
Buildings	1,532,054	(30,747)	1,501,307

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Buildings	1,626,927	(64,059)	1,562,868

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
Buildings	1,626,927	(94,873)	1,532,054

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Buildings	1,626,927	(125,620)	1,501,307
Fair value			1,620,000

(a) The investment properties have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.

(b) At the end of the reporting period, the titles of the investment properties of the Group with carrying amount of Nil (2021 – RM1,562,868; 2022 – RM1,532,054) are in the process of being registered in the name of the subsidiaries. The titles of the investment properties are transferred to the Group during the financial year 2023.

(c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS

	At 1.10.2020 RM	Depreciation Charge RM	At 30.9.2021 RM
2021			
Carrying Amount			
Short-term leasehold land	7,682,797	(211,086)	7,471,711

	At 1.10.2021 RM	Depreciation Charge RM	At 30.9.2022 RM
2022			
Carrying Amount			
Short-term leasehold land	7,471,711	(218,577)	7,253,134

	At 1.10.2022 RM	Depreciation Charge RM	At 30.9.2023 RM
2023			
Carrying Amount			
Short-term leasehold land	7,253,134	(209,257)	7,043,877

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group has lease contracts for short-term leasehold land used in its operations. Their lease terms are as below:

	2021 RM	2022 RM	2023 RM
Short-term leasehold land	27 to 60 years	27 to 60 years	27 to 60 years

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) Included in the right-of-use assets of the Group are short-term leasehold land with carrying amount of RM6,227,620 (2021 – RM6,583,910; 2022 – RM6,401,123) have been granted to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.

(d) At the end of the reporting period, the titles of the short-term leasehold land of the Group with carrying amount of Nil (2021 – RM4,570,839; 2022 – RM4,441,633) are in the process of being registered in the name of the subsidiaries.

7. INTANGIBLE ASSETS

	At 1.10.2020 RM	Write Off RM	Amortisation RM	At 30.9.2021 RM
2021				
Carrying Amount				
Agency rights	140,000	(5,763)	(56,000)	78,237

	At 1.10.2021 RM	Amortisation RM	At 30.9.2022 RM
2022			
Carrying Amount			
Agency rights	78,237	(56,000)	22,237

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS (CONT'D)

	At 1.10.2022 RM	Amortisation RM	At 30.9.2023 RM
2023			
Carrying Amount			
Agency rights	22,237	(22,237)	-

	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2021			
Agency rights	260,790	(182,553)	78,237

	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2022			
Agency rights	260,790	(238,553)	22,237

	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2023			
Agency rights	260,790	(260,790)	-

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. GOODWILL

	2021 RM	2022 RM	2023 RM
Cost:-			
At 1 October/30 September	21,991,831	21,991,831	21,991,831

The carrying amounts of goodwill are allocated to the Group's cash-generating unit (CGU) of trading of food and beverage products.

The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flows are extrapolated using an estimated growth rate based on management's assumptions for the forecast period as well as their historical experience of the business.

The recoverable amount of a CGU is determined based on pre-tax cash flow projections of the cold storage business. The pre-tax discount rate applied to the applied to the cash flow projections are derived from the weighted average cost of capital of the Group.

The key assumptions used in the value-in-use calculations are an average growth rate of 2% (2021 – 2%; 2022 – 2%) per annum with a discount factor of 10% (2021 – 10%; 2022 – 10%). Management is of the opinion that there are no foreseeable changes in any of the above assumptions that would cause the carrying amount of the CGU to materiality exceed its recoverable amount.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INVENTORIES

	2021 RM	2022 RM	2023 RM
At cost:-			
Frozen and chilled food products	28,577,495	24,165,399	21,138,603
Ambient F&B products	3,003,822	4,492,697	3,379,340
Non-F&B products	-	-	158,125
	31,581,317	28,658,096	24,676,068
Rights to recover returned goods	515,554	519,356	514,979
	32,096,871	29,177,452	25,191,047
Recognised in profit or loss:-			
Inventories recognised as cost of sales	145,470,651	166,771,643	155,438,135
Inventories written off	2,563,794	2,770,648	1,619,851
Reversal of inventories previously written off	-	(723,831)	(782,501)

An asset for a right to recover returned goods and the corresponding refund liabilities are recognised in relation to food and beverages sold. These are measured by reference to the carrying amounts of inventories sold less any expected costs to recover those inventories and any potential decrease in value.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

	2021 RM	2022 RM	2023 RM
Third parties	25,596,531	33,595,954	29,517,258
Related parties	18,297	17,176	9,438
	25,614,828	33,613,130	29,526,696
Allowance for impairment losses	(1,144,480)	(1,302,541)	(1,710,583)
	24,470,348	32,310,589	27,816,113
Allowance for impairment losses:-			
At 1 October	523,350	1,144,480	1,302,541
Addition during the financial year	726,499	967,687	1,399,295
Reversal during the financial year	(105,369)	(809,626)	(991,253)
At 30 September	1,144,480	1,302,541	1,710,583

(a) The Group's normal trade credit terms ranging from 14 to 90 (2021 – 30 to 60; 2022 – 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The amount owing by related parties is amount due from companies in which certain directors of the Group have financial interest. The amount is unsecured, interest-free and repayable on demand. The amount is to be settled in cash.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RM	2022 RM	2023 RM
Other receivables:			
- third parties	213,879	136,485	54,465
Deposits	241,636	210,886	197,036
Prepayments	1,313,087	65,815	89,494
	1,768,602	413,186	340,995

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SHORT-TERM INVESTMENTS

	2021 RM	2022 RM	2023 RM
Unit trusts, at fair value	2,562,328	1,601,062	1,651,980

13. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.55% to 2.70% (2021 – 1.45% to 2.49%; 2022 – 1.19% to 2.40%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2021 – 1 to 12; 2022 – 1 to 12) months.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was a total amount of RM107,177 (2021 – RM252,861; 2022 – RM104,667) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.

14. SHARE CAPITAL

	2021	2022 Number of Shares	2023
Issued and Fully Paid-Up			
Ordinary Shares	120,000,000	120,000,000	120,000,000

	2021 RM	2022 RM	2023 RM
Issued and Fully Paid-Up			
Ordinary Shares	59,866,944	59,866,944	59,866,944

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. BANK BORROWINGS

	2021 RM	2022 RM	2023 RM
Short-term borrowings (secured):			
- Bank overdrafts	1,068,598	224,634	5,966,050
- Bankers' acceptances	34,726,000	39,919,787	15,695,000
- Term loans	1,737,316	1,627,725	1,671,964
- Hire purchase payables	113,747	87,235	36,499
	37,645,661	41,859,381	23,369,513
Long-term borrowings (secured):			
- Term loans	8,415,844	6,846,050	5,187,781
- Hire purchase payables	207,231	94,218	57,719
	8,623,075	6,940,268	5,245,500
Total borrowings (secured):			
- Bank overdrafts	1,068,598	224,634	5,966,050
- Bankers' acceptances	34,726,000	39,919,787	15,695,000
- Term loans	10,153,160	8,473,775	6,859,745
- Hire purchase payables	320,978	181,453	94,218
	46,268,736	48,799,649	28,615,013

(a) The bank borrowings of the Group are secured by way of:-

(i) legal charge over the property, plant and equipment, investment properties and right-of-use assets of the Group as disclosed in Notes 4, 5 and 6;
(ii) pledge of fixed deposits of the Group as disclosed in Note 13; and
(iii) joint and several guarantee by certain directors of the Group.

(b) The bank overdrafts bore interest rates ranging from 7.45% to 7.95% (2021 – 6.20% to 6.70%; 2022 – 7.32%) per annum.

(c) The bankers' acceptances bore interest rates ranging from 3.41% to 5.33% (2021 – 1.97% to 4.02%; 2022 –2.31% to 4.77%) per annum.

(d) The term loans bore interest rates ranging from 3.00% to 4.88% (2021 – 3.00% to 6.70%; 2022 – 3.00% to 4.70%) per annum.

(e) The hire purchase payable at the end of the reporting period bore effective interest rates ranging from 4.09% to 7.44% (2021 – 4.09% to 7.44%; 2022 – 4.09% to 7.44%) per annum.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. DEFERRED TAX LIABILITIES

	At 1.10.2020 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2021 RM
2021			
Deferred Tax Liabilities			
Property, plant and equipment*	(507,420)	(380,515)	(887,935)
Deferred Tax Assets			
Provision	62,270	99,152	161,422
	(445,150)	(281,363)	(726,513)

	At 1.10.2021 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2022 RM
2022			
Deferred Tax Liabilities			
Property, plant and equipment*	(887,935)	(19,367)	(907,302)
Deferred Tax Assets			
Provision	161,422	847	162,269
	(726,513)	(18,520)	(745,033)

	At 1.10.2022 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2023 RM
2023			
Deferred Tax Liabilities			
Property, plant and equipment*	(907,302)	(36,756)	(944,058)
Deferred Tax Assets			
Provision	162,269	219,492	381,761
	(745,033)	182,736	(562,297)

* Includes the deferred tax from the revaluation of property, plant and equipment.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. TRADE PAYABLES

	2021 RM	2022 RM	2023 RM
Trade payables	3,783,313	2,912,160	2,845,101
Refund liabilities	664,732	688,669	621,030
	4,448,045	3,600,829	3,466,131

The normal trade credit term granted to the Group is 30 to 90 (2021 – 30 to 60; 2022 – 30 to 90) days.

18. OTHER PAYABLES AND ACCRUALS

	2021 RM	2022 RM	2023 RM
Other payables:-			
Third parties	1,130,255	818,195	909,640
Related parties	2,190	-	1,439
	1,132,445	818,195	911,079
Accruals	2,753,077	2,525,039	2,633,402
Deposits	63,286	65,986	470,986
	3,948,808	3,409,220	4,015,467

The amount owing to related parties is amount due to companies in which certain directors of the Group have financial interest. The amount are to be settled in cash.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. REVENUE

	2021 RM	2022 RM	2023 RM
Revenue from Contracts with Customers			
Recognised at a point in time			
Frozen and chilled food products	166,715,871	187,214,097	176,356,023
Ambient F&B products	20,785,936	22,738,681	22,939,293
Non-F&B products	-	-	347,460
	187,501,807	209,952,778	199,642,776

For sales to supermarkets that permit the customers to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue recognised will not occur. The Group estimated the returns based on the historical and forward-looking data.

The information on the disaggregation of revenue by geographical market is disclosed in Note 31.2.

20. OTHER INCOME

	2021 RM	2022 RM	2023 RM
Bad debts recovered	-	5,571	2,036
COVID-19-related subsidies from government	16,800	-	-
Dividend income from short-term investments	62,328	38,734	50,918
Freight income	25,916	28,383	23,349
Gain on bargain purchase	-	-	2,452
Gain on disposal of property, plant and equipment	139,333	280	4,803
Incentive income	64,347	25,283	-
Interest income on financial assets measured at amortised cost:			
- bank balances	48,681	33,314	48,429
- fixed deposits with licensed banks	52,588	23,537	26,546
Lease income:			
- rental income from investment properties	111,500	192,550	139,150
- property, plant and equipment	4,800	3,600	57,600
- sublease of right-of-use asset	-	-	6,000
Miscellaneous	166,181	178,841	216,684
Realised gain on foreign exchange	-	-	64,631
Service and maintenance	-	-	1,705
	692,474	530,093	644,303

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. FINANCE COSTS

	2021 RM	2022 RM	2023 RM
Interest expense on financial liabilities that are not at fair value through profit or loss:			
- bank overdrafts interest	81,737	112,665	239,297
- bankers' acceptances interest	862,021	948,135	841,560
- hire purchase interest	16,191	12,493	6,166
- term loans interest	381,437	347,532	334,983
	1,341,386	1,420,825	1,422,006

22. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2021 RM	2022 RM	2023 RM
Impairment loss on trade receivables	726,499	967,687	1,399,295
Reversal of impairment loss on trade receivables	(105,369)	(809,626)	(991,253)
	621,130	158,061	408,042

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. PROFIT BEFORE TAXATION

	2021 RM	2022 RM	2023 RM
Profit before taxation is arrived at after charging/(crediting):-			
Amortisation of intangible assets	56,000	56,000	22,237
Auditors' remuneration:			
- current year provision	117,000	130,000	150,000
- overprovision in the previous financial year	-	(1,000)	-
Bad debts written off	13,368	17,103	5,433
Depreciation:			
- investment properties	30,749	30,814	30,747
- property, plant and equipment	1,678,392	2,498,534	2,339,983
- right-of-use assets	211,086	218,577	209,257
Directors' remuneration (Note 29(a))	3,206,989	3,137,745	3,197,199
Intangible assets written off	5,763	-	-
Inventories written off	2,563,794	2,770,648	1,619,851
Lease expenses:			
- short-term leases	64,000	122,331	49,359
- low value assets	8,868	8,921	8,881
Loss on disposal of property, plant and equipment	-	394	-
Plant hire	-	-	1,270
Property, plant and equipment written off	1	7,382	2,875
Realised loss on foreign exchange	8,632	44,890	-
Reversal of inventories previously written off	-	(723,831)	(782,501)
Staff costs (including other key management personnel as disclosed in Note 29(b)):			
- short-term employee benefits	6,864,560	7,567,689	8,197,362
- defined contribution benefits	1,178,446	1,157,187	1,192,166

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE

	2021 RM	2022 RM	2023 RM
Current tax expense:			
- for the financial year	2,902,265	3,259,301	3,905,681
- under/(over)provision in the previous financial year	51,832	(42,907)	(58,703)
	2,954,097	3,216,394	3,846,978
Deferred tax expense (Note 16):			
- origination and reversal of temporary difference	301,818	19,900	(192,391)
- (over)/underprovision in the previous financial year	(20,455)	(1,380)	9,655
	281,363	18,520	(182,736)
	3,235,460	3,234,914	3,664,242

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	2021 RM	2022 RM	2023 RM
Profit before taxation	10,881,266	11,394,049	12,881,911
Tax at the statutory tax rate of 24% (2021 - 24%; 2022 - 24%)	2,611,504	2,734,572	3,091,659
Tax effects of:-			
Non-deductible expenses	523,157	605,225	612,101
Non-taxable income	(7,714)	-	-
Deferred tax movements not recognised during the financial year	77,136	(60,596)	9,530
Under/(Over)provision in the previous financial year:			
- income tax	51,832	(42,907)	(58,703)
- deferred tax	(20,455)	(1,380)	9,655
Income tax expense for the financial year	3,235,460	3,234,914	3,664,242

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. EARNINGS PER SHARE

	2021 RM	2022 RM	2023 RM
Profit after taxation attributable to owners of the Company (RM)	7,645,806	8,159,135	9,217,669
Weighted average number of ordinary shares in issue	120,000,000	120,000,000	120,000,000
Basic earnings per share (sen)	6.37	6.80	7.68

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

26. DIVIDENDS

	2021 RM	2022 RM	2023 RM
First interim dividend of 2.50 sen per ordinary share in respect of the financial year ended 30 September 2020	3,000,000	-	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2021	1,020,000	-	-
Second interim dividend of 2.08 sen per ordinary share in respect of the financial year ended 30 September 2021	-	2,496,000	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2022	-	1,020,000	-
Second interim dividend of 2.07 sen per ordinary share in respect of the financial year ended 30 September 2022	-	-	2,484,000
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2023	-	-	1,020,000
	4,020,000	3,516,000	3,504,000

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. ACQUISITION OF A SUBSIDIARY

On 31 May 2023, the Company acquired 100% equity interests in Supreme Trading Sdn. Bhd..

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	2023 RM
Equipment	1,448
Inventories	125,640
Trade receivables	33,533
Bank overdraft	(2,589)
Trade payables	(3,162)
Other payables and accruals	(3,200)
Amount owing to directors	(147,825)
Current tax liabilities	(393)
Net identifiable assets acquired	3,452
Less: Gain on bargain purchase	(2,452)
Total purchase consideration, to be settled by cash	1,000
Less: Cash and bank balances of subsidiary acquired	2,589
Net cash outflow from the acquisition of a subsidiary	3,589

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	2021 RM	2022 RM	2023 RM
Cost of property, plant and equipment purchased (Note 4)	4,644,969	1,175,547	596,830
Less: Acquired through hire purchase (Note 28 (b))	(170,000)	-	-
	4,474,969	1,175,547	596,830

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
2021				
At 1 October	20,920,000	10,219,542	261,361	31,400,903
Changes in Financing Cash Flows				
Proceeds from drawdown	99,491,877	2,066,343	-	101,558,220
Repayment of principal	(85,685,877)	(2,132,725)	(110,383)	(87,928,985)
Repayment of interest	(862,021)	(381,437)	(16,191)	(1,259,649)
	12,943,979	(447,819)	(126,574)	12,369,586
Other Changes				
New hire purchase (Note 28(a))	-	-	170,000	170,000
Interest expense recognised in profit or loss	862,021	381,437	16,191	1,259,649
	862,021	381,437	186,191	1,429,649
At 30 September	34,726,000	10,153,160	320,978	45,200,138

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
2022				
At 1 October	34,726,000	10,153,160	320,978	45,200,138
Changes in Financing Cash Flows				
Proceeds from drawdown	107,485,171	-	-	107,485,171
Repayment of principal	(102,291,384)	(1,679,385)	(139,525)	(104,110,294)
Repayment of interest	(948,135)	(347,532)	(12,493)	(1,308,160)
	4,245,652	(2,026,917)	(152,018)	2,066,717
Other Changes				
Interest expense recognised in profit or loss	948,135	347,532	12,493	1,308,160
	948,135	347,532	12,493	1,308,160
At 30 September	39,919,787	8,473,775	181,453	48,575,015

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT’D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont’d)

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
2023				
At 1 October	39,919,787	8,473,775	181,453	48,575,015
Changes in Financing Cash Flows				
Proceeds from drawdown	99,429,709	-	-	99,429,709
Repayment of principal	(123,654,496)	(1,614,030)	(87,235)	(125,355,761)
Repayment of interest	(841,560)	(334,983)	(6,166)	(1,182,709)
	(25,066,347)	(1,949,013)	(93,401)	(27,108,761)
Other Changes				
Interest expense recognised in profit or loss	841,560	334,983	6,166	1,182,709
	841,560	334,983	6,166	1,182,709
At 30 September	15,695,000	6,859,745	94,218	22,648,963

(c) The total cash outflows for leases as a lessee are as follows:-

	2021 RM	2022 RM	2023 RM
Payment of short-term leases	64,000	122,331	49,359
Payment of low-value assets	8,868	8,921	8,881
	72,868	131,252	58,240

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	2021 RM	2022 RM	2023 RM
Fixed deposits with licensed banks	1,573,415	1,373,390	1,399,936
Cash and bank balances	11,415,716	16,228,995	13,308,588
Bank overdrafts	(1,068,598)	(224,634)	(5,966,050)
	11,920,533	17,377,751	8,742,474
Less: Fixed deposits pledged to licensed banks	(252,861)	(104,667)	(107,177)
Less: Fixed deposits with tenure of more than 3 months	(1,289,027)	(1,236,704)	(1,260,006)
	10,378,645	16,036,380	7,375,291

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	2021 RM	2022 RM	2023 RM
(a) Directors			
Directors of the Company			
Short-term employee benefits:			
- fees	700,000	760,000	760,000
- salaries, bonuses and other benefits	2,176,549	2,068,145	2,121,794
	2,876,549	2,828,145	2,881,794
Defined contribution benefits	330,440	309,600	315,405
Total directors' remuneration (Note 23)	3,206,989	3,137,745	3,197,199
(b) Other Key Management Personnel			
Short-term employee benefits	1,119,802	1,064,588	1,095,538
Defined contribution benefits	160,896	173,111	160,731
Total compensation for other key management personnel (Note 23)	1,280,698	1,237,699	1,256,269

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, companies connected to directors of the Group, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	2021 RM	2022 RM	2023 RM
Acquisition of equity interest in Supreme Trading Sdn. Bhd. from a director	-	-	1,000
Maintenance fees paid/payable to a company in which certain directors of the Group are directors and have financial interest	-	-	31,735
Purchases of property, plant and equipment from companies in which certain directors of the Group are directors and have financial interest	1,625,000	-	-
Purchases from a company in which certain directors of the Group are directors and have financial interest	-	-	18,559
Sales to companies in which certain directors of the Group are directors and have financial interest	(107,590)	(115,359)	(76,209)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING SEGMENT

For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows:-

- Frozen and chilled food products segment – involved in the trading of frozen and chilled food and beverage products, logistics and transportation of goods and investment holding.
- Ambient-F&B products segment – involved in the trading of ambient food and beverage products.
- Non-F&B products segment – involved in the wholesale of cleaning material.

Segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment assets and segment liabilities of the Group.

31.1 BUSINESS SEGMENT

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	**The Group RM**
2021			
Revenue			
Total revenue	166,715,871	20,785,936	187,501,807
Results			
Segment gross profit	20,310,067	1,450,116	21,760,183

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING SEGMENT (CONT'D)

31.1 BUSINESS SEGMENT (CONT'D)

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	**The Group RM**
2022			
Revenue			
Total revenue	187,214,097	22,738,681	209,952,778
Results			
Segment gross profit	20,658,760	1,341,408	22,000,168

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	Non Food and beverages RM	**The Group RM**
2023				
Revenue				
Total revenue	176,356,023	22,939,293	347,460	199,642,776
Results				
Segment gross profit	21,955,413	1,839,924	66,115	23,861,452

Segment profit after taxation are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment profit after taxation of the Group.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING SEGMENT (CONT'D)

31.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located. The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		
	2021	2022	2023
	RM	RM	RM
Malaysia	186,273,010	208,821,530	197,744,643
Myanmar	604,975	825,698	1,898,133
Singapore	623,822	305,550	-
	187,501,807	209,952,778	199,642,776

31.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CAPITAL COMMITMENT

	2021 RM	2022 RM	2023 RM
Authorised and Contracted for:			
Purchase of property, plant and equipment	73,000	-	-
Construction of property, plant and equipment	228,658	-	-
	301,658	-	-

33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2021					
Financial Assets					
Trade receivables	1,431	-	-	24,468,917	24,470,348
Other receivables	184,482	6,297	558	22,542	213,879
Short-term investments	-	-	-	2,562,328	2,562,328
Fixed deposits with licensed banks	-	-	-	1,573,415	1,573,415
Cash and bank balances	-	-	-	11,415,716	11,415,716
	185,913	6,297	558	40,042,918	40,235,686

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2021					
Financial Liabilities					
Bank borrowings	-	-	-	46,268,736	46,268,736
Trade payables	350,916	-	450	4,096,679	4,448,045
Other payables and accruals	-	-	-	3,948,808	3,948,808
	350,916	-	450	54,314,223	54,665,589

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2021					
Net financial (liabilities)/assets	(165,003)	6,297	108	(14,271,305)	(14,429,903)
Less: Net financial assets denominated in the Group's functional currency	-	-	-	14,271,305	14,271,305
Currency Exposure	(165,003)	6,297	108	-	(158,598)

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022					
Financial Assets					
Trade receivables	139,299	-	-	32,171,290	32,310,589
Other receivables	109,434	683	7,553	18,815	136,485
Short-term investments	-	-	-	1,601,062	1,601,062
Fixed deposits with licensed banks	-	-	-	1,373,390	1,373,390
Cash and bank balances	-	-	-	16,228,995	16,228,995
	248,733	683	7,553	51,393,552	51,650,521

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022					
Financial Liabilities					
Bank borrowings	-	-	-	48,799,649	48,799,649
Trade payables	16	-	286,704	3,314,109	3,600,829
Other payables and accruals	-	-	-	3,409,220	3,409,220
	16	-	286,704	55,522,978	55,809,698

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022					
Net financial assets/(liabilities)	248,717	683	(279,151)	(4,129,426)	(4,159,177)
Less: Net financial liabilities denominated in the Group's functional currency	-	-	-	4,129,426	4,129,426
Currency Exposure	248,717	683	(279,151)	-	(29,751)

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023					
Financial Assets					
Trade receivables	-	-	-	27,816,113	27,816,113
Other receivables	36,936	788	232	16,509	54,465
Short-term investments	-	-	-	1,651,980	1,651,980
Fixed deposits with licensed banks	-	-	-	1,399,936	1,399,936
Cash and bank balances	-	-	-	13,308,588	13,308,588
	36,936	788	232	44,193,126	44,231,082

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023					
Financial Liabilities					
Bank borrowings	-	-	-	28,615,013	28,615,013
Trade payables	-	-	450	3,465,681	3,466,131
Other payables and accruals	-	-	-	4,015,467	4,015,467
	-	-	450	36,096,161	36,096,611

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023					
Net financial assets/(liabilities)	36,936	788	(218)	8,096,965	8,134,471
Less: Net financial assets denominated in the Group's functional currency	-	-	-	(8,096,965)	(8,096,965)
Currency Exposure	36,936	788	(218)	-	37,506

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	2021 RM	2022 RM	2023 RM
Effects on Profit After Taxation			
USD/RM			
- strengthened by 10%	(12,712)	18,902	2,844
- weakened by 10%	12,712	(18,902)	(2,844)
EUR/RM			
- strengthened by 10%	472	52	64
- weakened by 10%	(472)	(52)	(64)
AUD/RM			
- strengthened by 10%	8	(21,215)	(52)
- weakened by 10%	(8)	21,215	52

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 15.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	2021 RM	2022 RM	2023 RM
Effects on Profit After Taxation			
Increase of 25 basis points	(86,256)	(90,027)	(53,519)
Decrease of 25 basis points	86,256	90,027	53,519

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in prices of unit trusts.

Any reasonably possible change in the prices of unit trusts at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM27,137,306 (2021 – RM43,958,180; 2022 – RM46,929,220), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficult of the receivable;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 150 days (2021 – 90 days; 2022 – 150 days) past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

<u>Trade Receivables</u>

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2021 – 12 months; 2022 – 12 months) before the reporting date and the corresponding historical credit losses experienced within this period.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2021				
Current (not past due)	10,834,869	(24,107)	(58,569)	10,752,193
1 to 30 days past due	8,030,905	(213,393)	(55,174)	7,762,338
31 to 60 days past due	3,976,540	(192,591)	(36,144)	3,747,805
61 to 90 days past due	1,796,498	(50,832)	(39,504)	1,706,162
More than 90 days past due	686,675	-	(184,825)	501,850
Credit impaired	289,341	(289,341)	-	-
	25,614,828	(770,264)	(374,216)	24,470,348

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2022				
Current (not past due)	16,996,073	(47,441)	(56,619)	16,892,013
1 to 30 days past due	7,644,958	(125,664)	(41,129)	7,478,165
31 to 60 days past due	3,601,213	(279,419)	(24,291)	3,297,503
61 to 90 days past due	3,002,100	(299,226)	(27,753)	2,675,121
91 days to 150 days past due	2,175,579	(156,707)	(51,085)	1,967,787
Credit impaired	193,207	(157,309)	(35,898)	-
	33,613,130	(1,065,766)	(236,775)	32,310,589

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses (Cont'd)

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2023				
Current (not past due)	18,596,480	(122,415)	(96,173)	18,377,892
1 to 30 days past due	6,482,864	(355,645)	(46,940)	6,080,279
31 to 60 days past due	2,818,179	(605,645)	(14,901)	2,197,633
61 to 90 days past due	1,329,768	(220,834)	(9,937)	1,098,997
91 days to 150 days past due	73,546	-	(12,234)	61,312
Credit impaired	225,859	(114,199)	(111,660)	-
	29,526,696	(1,418,738)	(291,845)	27,816,113

The movements in the loss allowances in respect of trade receivables are disclosed in Note 10.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2021						
Non-derivative Financial Liabilities						
Bank borrowings	1.97% - 7.44%	46,268,736	48,778,700	38,967,534	7,344,745	2,466,421
Trade payables	-	4,448,045	4,448,045	4,448,045	-	-
Other payables and accruals	-	3,948,808	3,948,808	3,948,808	-	-
		54,665,589	57,175,553	47,364,387	7,344,745	2,466,421

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2022						
Non-derivative Financial Liabilities						
Bank borrowings	2.31% - 7.44%	48,799,649	51,067,165	43,395,850	6,225,017	1,446,298
Trade payables	-	3,600,829	3,600,829	3,600,829	-	-
Other payables and accruals	-	3,409,220	3,409,220	3,409,220	-	-
		55,809,698	58,077,214	50,405,899	6,225,017	1,446,298

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2023						
Non-derivative Financial Liabilities						
Bank borrowings	3.30% - 7.95%	28,615,013	30,157,892	24,826,095	4,122,790	1,209,007
Trade payables	-	3,466,131	3,466,131	3,466,131	-	-
Other payables and accruals	-	4,015,467	4,015,467	4,015,467	-	-
		36,096,611	37,639,490	32,307,693	4,122,790	1,209,007

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

33.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2021	2022	2023
	RM	RM	RM
Bank borrowings	46,268,736	48,799,649	28,615,013
Trade payables	4,448,045	3,600,829	3,466,131
Other payables and accruals	3,948,808	3,409,220	4,015,467
	54,665,589	55,809,698	36,096,611
Less: Fixed deposits not pledged with licensed banks	(31,527)	(32,019)	(32,753)
Less: Cash and bank balances	(11,415,716)	(16,228,995)	(13,308,588)
Net debt	43,218,346	39,548,684	22,755,270
Total equity	77,517,674	82,160,809	87,874,478
Debt-to-equity ratio	0.56	0.48	0.26

There was no change in the Group's approach to capital management during the financial year.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2021 RM	2022 RM	2023 RM
Financial Assets			
Fair Value through Profit or Loss			
Short-term investments	2,562,328	1,601,062	1,651,980
Amortised Cost			
Trade receivables	24,470,348	32,310,589	27,816,113
Other receivables	213,879	136,485	54,465
Fixed deposits with licensed banks	1,573,415	1,373,390	1,399,936
Cash and bank balances	11,415,716	16,228,995	13,308,588
	37,673,358	50,049,459	42,579,102
Financial Liabilities			
Amortised Cost			
Bank borrowings	46,268,736	48,799,649	28,615,013
Trade payables	4,448,045	3,600,829	3,466,131
Other payables and accruals	3,948,808	3,409,220	4,015,467
	54,665,589	55,809,698	36,096,611

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2021 RM	2022 RM	2023 RM
Financial Assets			
Fair Value Throught Profit or Loss			
Net gains recognised in profit or loss	62,328	38,734	50,918
Amortised Cost			
Net losses recognised in profit or loss	(533,229)	(113,969)	(336,484)
Financial Liabilities			
Amortised Cost			
Net losses recognised in profit or loss	(1,358,207)	(1,465,715)	(1,357,375)

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
2021				
Financial Asset				
Short-term investments:				
- unit trusts	2,562,328	-	2,562,328	2,562,328
Financial Liability				
Term loans:				
- fixed rate	-	549,865	549,865	550,000
2022				
Financial Asset				
Short-term investments:				
- unit trusts	1,601,062	-	1,601,062	1,601,062
Financial Liability				
Term loans:				
- fixed rate	-	453,451	453,451	461,130

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
2023				
Financial Asset				
Short-term investments:				
- unit trusts	1,651,980	-	1,651,980	1,651,980
Financial Liability				
Term loans:				
- fixed rate	-	349,174	349,174	352,905

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of unit trusts is determined by reference to statements provided by the financial institution, with which the investments were entered into at the reporting date.

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments Not Carried at Fair Value

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2021	2022	2023
Term loans (fixed rate)	3.69%	4.02%	4.86%

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Dividend Declared and Paid

On 30 November 2023, the Company declared an interim dividend of 2.07 sen per ordinary share amounting to RM2,484,000 for the financial year ended 30 September 2023, payable on 26 January 2024, to shareholders whose names appeared in the record of depositors on 29 December 2023.

(b) Status of Corporate Proposals

Save for the following, there was no other corporate proposal announced but pending completion as at the date of this report.

Proposed Transfer of Listing

On 29 September 2023 the Company announced that the following shareholders: BNDM Incorporated Holdings Sdn Bhd, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat, Lim Ah Ted, Ting Ing Thai, Brandon Wee Wei Xuan, Ting Ing Soon, Lim Hang Min and Terence Lim Tze Yung (collectively, the "Proposers") had vide a letter dated 29 September 2023 requested the Board to consider undertaking the following:

(i) proposed voluntary withdrawal of listing of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("**LEAP Market Listing Requirements**") ("**Proposed Withdrawal of Listing**"); and

(ii) proposed listing of the Company on the ACE Market of Bursa Securities ("**Proposed Listing**"),

collectively referred to as the "**Proposed Transfer of Listing**".

The Board (save for Dato Richard Wee Liang Huat, Lim Ah Ted and Ting Ing Thai, who are part of the Proposers) had subsequently deliberated and agreed on the Proposed Transfer of Listing and the Company will take the necessary steps to implement the Proposed Transfer of Listing.

Pursuant to the Proposed Withdrawal of Listing, the Company on 27 October 2023 submitted an application, to Bursa Securities to seek an exemption from having to comply with the following:

(i) the requirement for the Proposers to extend an exit offer to the remaining shareholders of the Company ("**Remaining Shareholders**") pursuant to Rule 8.06(1)(c) of the LEAP Market Listing Requirements; and

(ii) for the appointment of an independent adviser to advise and make recommendations for the consideration of the shareholders in connection with the Proposed Withdrawal of Listing as well as the fairness and reasonableness of the exit offer, pursuant to Rule 8.06(1)(d) of the LEAP Market Listing Requirements,

collectively referred to as the "**Proposed Exemptions**".

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Status of Corporate Proposals (Cont'd)

Proposed Transfer of Listing (Cont'd)

On 20 November 2023, Bursa Securities via a letter resolved to approve the Proposed Exemptions subject to the condition that the undertakings set out in the Remaining Shareholders' undertaking letters remain valid and binding until the completion of the proposed withdrawal of the Company's listing from the LEAP Market of Bursa Securities.

Proposed Bonus Issue of Shares

On 30 November 2023, Company proposed to undertake a bonus issue of 240,000,000 new SCRB Shares ("**Bonus Share(s)**") on the basis of 2 Bonus Shares for every 1 existing SCRB Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined later ("**Proposed Bonus Issue of Shares**").

The Proposed Bonus Issue of Shares is intended to be undertaken by the Company purely as a pre-listing exercise prior to the Proposed Listing, where it forms an integral part of the Company's listing of and quotation for its enlarged issued share capital on the ACE Market of Bursa Securities pursuant to the Proposed Transfer of Listing.

Pursuant to the Proposed Bonus Issue of Shares, the Company on 1 December 2023 submitted an application for the listing and quotation of 240,000,000 Bonus Shares on the LEAP Market of Bursa Securities.

Bursa Securities had vide its letter dated 9 January 2024 taken note of the listing and quotation of 240,000,000 Bonus Shares on the LEAP Market of Bursa Securities on a date to be determined later after all requisite approvals have been obtained in relation to the Proposed Transfer of Listing (as defined in the Company's announcement dated 29 September 2023).

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SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(c) Status of Corporate Proposals (Cont'd)

Approval from Shareholders

On 31 January 2024, the Company had obtained approval from the shareholders on the resolutions for the Proposed Transfer of Listing and the Proposed Bonus Issue of Shares at an EGM.

SUPREME CONSOLIDATED RESOURCES BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat and Ting Ing Thai, being two of the directors of Supreme Consolidated Resources Bhd., state that, in the opinion of the directors, the consolidated financial statements set out on pages 4 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as of 30 September 2021, 2022 and 2023 and of their financial performance and cash flows for the financial years ended on those date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 MAR 2024

Dato Richard Wee Liang Huat @
Richard Wee Liang Chiat

Ting Ing Thai